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Farquhar, Arthur B.

The silver question

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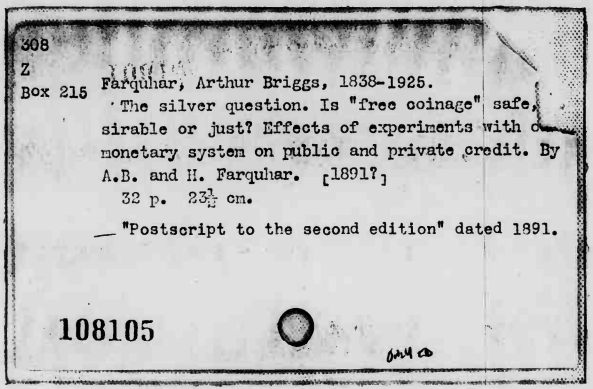
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THE

SILVER QUESTION.

Is "Free Coinage" Safe, Desirable or Just?

Effects of Experiments with our Monetary System on Public and Private Credit.

By A. B. and H. FARQUHAR.

Reform Club Lyt

FEB-DEC 12, 1928

INTRODUCTION.

The following essay was originally prepared for the *York Gazette* and appeared in its columns in a series of nine papers, from January to March, 1891. Its object was to contribute, by a timely appeal to the sober sense of my fellow countrymen—particularly those in fellowship with the Democratic party—some help in averting a great and threatening disaster. Since the appearance of the first paper, that disaster has grown less threatening: for the 51st Congress, from whose pliancy in sacrificing public interests to powerful private interests the silver men had already extorted one all-too-liberal concession, finally declined to go further upon the path down which they would have dragged it; and moreover, each of the two great parties had heard and heeded words of sound counsel from an approved and trusted leader. The Republican Secretary of the Treasury, who obediently served the Silver Interests while in the Senate, had by that time been awakened to the danger of further submission, and had shown that danger in an address to business men, whose clear, well-considered words speedily derived a terrible emphasis from his sudden death. The great Democratic leader had also been heard, in a letter read at a New York meeting. Those three short paragraphs over the signature of Grover Cleveland will have, and deserve to have, great weight with the Democratic party.

Nevertheless, a grave peril yet faces the American people. The public men of both political parties throughout the South and Southwest and in the silver-producing States, together with many leaders in other sections, urged on by a vast and powerful organization known as the Farmers' Alliance, seem unflexibly determined that the United States shall have "free coinage of silver."

Their proposition is as follows: "Hereafter any owner of silver bullion may deposit the same at any mint of the United States, to be formed into standard dollars, for his benefit and without charge. The owners of said bullion shall have the option to receive coin or its equivalent in Treasury certificates, and such bullion shall be subsequently coined." Thus runs the proposed law as it passed the Senate.

What does this measure signify, and what will be its probable effects? It means that so far as these statesmen can compass it, the Government is to take one dollar of the money drawn by taxation from the American people and pay it for every eighty cents worth of a certain commodity that may be offered for sale. The eighty cents will be *called* a dollar after receiving a particular shape and impression, but as that operation costs but a small fraction of twenty cents and adds nothing to its value, it must remain intrinsically only eighty cents.

If the Government stamp were worth twenty cents, why might it not be worth ninety-nine cents? Why take an expensive metal with which to create a *little* wealth, when by using paper, five times as much wealth might be created in the same operation? In sober truth, a nation has no such power, when it coins money to supply its citizens with a standard or measure of wealth, and wealth can no more be created by fiat out of silver than out of rags. Paper money is simply credit, worth its face value only when the people have an abiding faith that every bill can be redeemed in coin. Its value is founded on coin. The value of coin depends, always and necessarily, on the cost of producing it. Though Government should call 25.8 grains of standard gold, and 412½ grains of standard silver by the same name of one dollar, its decrees are impotent to make equal the cost of producing the two. None know this last fact better than the silver-producers themselves, and that is the very reason why every man of them in this broad land, no matter what his party affiliations, is clamoring for free coinage of silver.

Why that wealthy and powerful class and those dependent upon it, all banded together by self interest, should urge this measure is as clear as day; but why the great Democratic party, which has just won a glorious victory in defense of the masses against the classes—why the same leaders who are so nobly battling for the people against *other* special interests and mighty monopolies, should endeavor to create this more dangerous monopoly, is a harder question to answer.

The parallel is perfect. There is no argument in favor of Free Coinage that has not also been used in defense of Protection. In both there is an organization of millionaires, assisted by an unscrupulous lobby, pleading with pathetic tenderness in behalf of the farmer and workingman. In one it is "the poor man's dollar," while in the other it is "the dignity of American industry." In one the bugbear is "Gold bugs" and "Wall street sharks," while in the other it is "British gold" and "pauper labor." In both cases, the Government is asked to tax the many for the benefit of the few, in the hope that the few will then proceed to share part of their gains with the many.

Will some "Alliance," "Knight" or Bonanza advocate of free coinage tell us how the farmer will obtain a larger share of the national wealth by having himself taxed to pay for transferring metal from mines in Nevada to vaults in Washington, and how the workingman will be benefited by receiving for his daily or monthly wages money of less purchasing power in every market where necessary supplies are to be bought—or are we expected forever to accept declamation for demonstration, rhetoric for reasoning?

The time and trouble the preparation of these papers has cost will be amply recompensed if they shall bear some appreciable part in fixing the attention of Democratic citizens on that first essential of good government, an untarnished Public Credit; on the fleeting, fickle, delusive character of the best relief that unlimited silver coinage can possibly bring to present agricultural distress; and finally on the true remedy, which is lost to sight in the chase after a quack nostrum. If that distress cannot be relieved by pruning down our excessive import taxation, it is surely not among the ills "which kings or laws can cure."

Now, if ever, is the time for every one who has at heart the cause of sound political economy and fair dealing to make his voice heard.

I have been fortunate in availing myself of the help of my brother, to whose familiarity with the statistics and history of the subject the following essay owes a large part of such merit as it may possess.

A. B. FARQUHAR.

Penn'a Agricultural Works, York, Pa., April 1st, 1891.

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POSTSCRIPT TO THE SECOND EDITION.

The rapid exhaustion of the first edition of this essay would alone demonstrate, were demonstration lacking, the readiness of our fellow citizens for such a careful and impartial discussion of the Silver Question as it has been our aim to furnish. In preparing the present edition, a tenth paper has been added, and the others thoroughly revised and corrected.

Believing that the complete remedy for those delusions in which the silver schemers find their opportunity, is to be found in the extirpation of that fruitful parent-stock of economic delusions, the Protective superstition, the authors have made this discussion a part of one more extended, in which that superstition is exposed to all the light that they can bring to bear upon it. Their work on "Economic and Industrial Delusions" is in the hands of the publishers, and will appear in the course of the Summer.

A. B. and H. FARQUHAR.

York, Pa., May 9th, 1891.

I. Is Bi-Metallism Possible?

There are some words very easy to define in language, which are yet terribly difficult to translate into practical working. It is no trouble at all to tell any one who inquires of us, "Bi-Metallism means the use of two metallic standards on exactly equal terms, at some definitely fixed ratio of value, so that any debt may be paid or other contract performed equally well with one of them or with the designated ratio of the other," just as it is to define the dragon or gryphon as "a serpent with the wings and beak of a bird"; the pinch comes only when we are required to confirm our definition by a practical example. Not that the difficulty of illustrating the two definitions has the same utterly hopeless character; for while we may be perfectly certain that no imaginable labor or study could discover or produce for us such a dragon or gryphon as our definition calls for, there is no such impossibility in the case of double coinage. Human effort and human contrivance are capable of achieving the task, it may be admitted. But for every-day practical purposes a complete example of bi-metallism is as inaccessible as one of the monsters of mythology.

Why have we no example of silver and gold entering on equal terms into a national currency? There are examples in abundance of countries having a silver standard—China, India, Mexico and other regions of Spanish America. But these do not give us bi-metallism, for in them gold is not regularly current at a fixed ratio of value. It is easy to find examples of countries where silver circulates as a limited legal tender—Great Britain and its colonies, and Germany. In these the ratio is definite enough, but the two metals enter unequally; gold with the imperial stamp will pay any debt whatever, while silver coins from the same mint are not accepted in any payments above some such small sums as five or ten dollars. There are other countries which set no limit, but put the two metals on an inequality by refusing to extend, on any terms, the coinage of silver beyond the amount already in circulation—France, Italy and other countries of the "Latin Union," in which the franc is the unit. These countries continued to furnish beautiful illustrations of the possibility of a double standard up to the time when they unfortunately shut off their coinage of silver; in much the same way that the old Grecian taught his horse to live without eating—it was a magnificent success, until the poor brute spoiled the whole experiment by unfortunately dying. Our own land, under its latter-day tendency to plunge its currency into reckless confusion, mixes up the second and third plans: its minor silver coins are legal tender for small debts, while its "dollar of the daddies," dollar of Bland and Allison, is coined only in strictly limited amounts. Search where we will, on this or any other continent, the Bi-Metallism of our definition is not to be seen in practical working. The idea has yet to be materialized.

Nevertheless, the idea is no impossible one, if the means are only granted. There is a way of accomplishing it, just as there is of keeping any kind of merchandise at a certain price. We may study the methods of Chicago's "Old Hutch" in cornering and bulling wheat; of Claus Spreckels in his sugar operations; of the "Binding Twine Combine," the "Wood-screw Trust," and so on, in commanding higher prices for their wares; and draw our inference from them. The all-essential requisite for fixing a price on any article in any market, is to get control of the entire supply. If the kind assistance of import duties is not available for our purpose, we must provide ourselves with the means to buy up all of the article that may be offered, anywhere on the globe, until the price rises to our figure; or keep a stock in hand sufficient for unlimited sales, when

the price is too high for us and we seek to reduce it. Some of our statesmen assume this great country to be vitally interested in giving to 258 grains of gold the exact purchasing power of 4,125 grains of silver. Why it should be so interested, no one knows—these statesmen certainly cannot explain. But be it so, and let us suppose ourselves setting about the establishment of that price. Since our 258 gold grains will now exchange for more than 5,000 of silver, it is silver that we must at once begin buying, and must continue to buy, resolutely and steadily, until the ratio of 258 to 4,125 is reached. The "amount of surplus silver on the world's market" is an amount very differently estimated by different people; but this we know certainly about it—it will be very much larger when the value of silver approaches one sixteenth of gold than it is at one-twentieth. After all this surplus is purchased and stored, what will next happen? Probably this: having at such pains increased the value of silver with respect to all other valuables, we shall find ourselves actively stimulating the production of that metal—new mines will be developed, old disused mines will be reopened, and the tendency of the increased product to lower the price will have to be counteracted by new purchases. In the meanwhile, no silver can be sold by our Treasury, or the required ratio of value can no longer be maintained. The cost of the whole hoard must therefore be borne by the taxpayers of the United States, to not one in five hundred of whom the investment brings any return—it might, so far as the great body of us are concerned, be sunk in the sea. Certain experts are of the opinion that no future discoveries of silver, on the scale of those we have seen within twenty years, are to be expected. Should they happen to be right, the burden would probably rest somewhat lighter in course of time; on the next generation perhaps, but hardly on our own.

A practical example of Bi-Metallism is thus shown to be possible. But the probability that our citizens will be persuaded to tax themselves with the millions—maybe hundred millions—needed to exhibit it, may be set down as too small for rational consideration. The object really sought by the advocates of "free coinage," therefore, cannot possibly be Bi-Metallism. They are evidently seeking some other object—and what is that other object?

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II. Bi-Metallic Coinage by International Agreement.

In calling attention to the advocates of free silver coinage who profess a desire to "put the two metals on an equality," I have suggested that in leaving out of view the most necessary as well as most burdensome measure for making that policy a success—the accumulation by taxation of a fund sufficient to buy all of the overvalued metal that the whole world is prepared to supply at less than our legal coinage rate—they prove themselves to be false guides; either ignorant how to attain their professed object, or really aiming at one entirely different. It is well, however, before undertaking the task of disentangling real objects from professed ones, to examine some proposed easier means for securing the desired equality between silver and gold, than recourse to an elaborate "silver corner."

It is widely believed that the charge of maintaining a ratio of value equal to the legal coinage-ratio would not necessarily be borne by one country alone; that if one or more of the strong European powers were to join us in decreeing a fixed price for silver, that price would by their and our united action become the standard price by which other nations, and in time all their citizens, would be governed; and that free bi-metallic coinage could certainly prevail, at least as long as the agreement held. The Bi-Metallists of Europe, headed by M. Cernuschi, earnestly advocate this consummation as both desirable and practicable, and with them agree some of the best economists in our country—F. A. Walker, Hugh McCulloch, S. D. Horton, and many others. In their view, silver is in itself quite as good a measure of value as gold, if not even better—for its fall in price, within the last twenty years, has exactly coincided with the cheapening of many necessaries of consumption, through economies in production and in transportation; and it has therefore held, within that period, nearer to what they consider the true unit of value: the value, that is to say, of a constant quantity of those common necessaries. They also show us that the rude unsettlement of prices caused by rich discoveries of gold, which was felt about 1850 and may again occur when exploration brings new deposits to light, might be greatly relieved if we were allowed another financial support to rest on. The proof that their proposed consummation is desirable is itself, they argue, proof that it is practicable; for what nations agree that they ought to have, that they will set about obtaining.

The weakness of the International Bi-Metallist position lies in this last argument—essentially in its practical side. Even were it true—and it is far from true—that the best opinion of Europe is as entirely committed in favor of the double standard as it is in favor of a great reduction in standing armies, it might as readily fail in achieving the former end as it has the latter. Nor would the inducements that we could hold out to the European nations be strong enough to move them; none would be easily able to see in our project any so obvious tangible gain for its own citizens, as the power to sell the product of their mines at a higher price would undoubtedly bring to some of ours. Europe would be more ready than our United States have been, moreover, to count the cost of the enterprise before embarking in it. For to assure the equal currency of the two metals it would be no less necessary to make preparations on a large scale for "cornering" one of them, with several nations in the "bull pool," than if all the work were thrown upon one; the share of the burden resting on each would only be somewhat lighter. It seems a perfectly reasonable expectation, therefore, that the uncertain gains and the certain costs of the proposed bi-metallic agreement will deter European nations from entering it with us in the future as in the past.

However grave the difficulties that lay in the way of this project before our Government committed itself by legislation, there can be no question that we have further aggravated them by declaring for the ratio of 258 to 4,125, or one to fifteen and eighty-five eighty-sixths, in 1878. That definite declaration was, it will be remembered, accompanied by an invitation to the leading powers of Europe to join us in coining silver freely at a fixed ratio; but there can be little wonder that our invitation fell flat. The question, "If those people across the Atlantic are going to keep on paying one in gold for fifteen and eighty-five eighty-sixths in silver, when the market rate here is down to one for eighteen or more, why need we do anything further in the matter than simply furnish them all the silver they want to buy at their price?" was not one that needed to be twice asked. The European powers heard us politely, encouraged us to continue as we had set out, and declined to co-operate. We have not yet, to be sure, allowed them the opportunity to trade off their old silver here at a higher price than they could get for it at home; but we have never failed to hold out hopes that we might some day allow this, and the expected day may now be approaching. The prospect of an international agreement, in our present state of mind and legislation on the silver question, is very much what we should expect if we asked a man who was thinking of the gains in store for him from selling us his goods at an exorbitant price, to join us in buying such goods and paying the exorbitant price to somebody else.

If the proposed international agreement is not practicable, now or in the immediate future, there seems to be little use in speculating whether it may be practicable in some remote future, or whether it would be desirable if ever practicable. For the purpose of this series of papers, the principal claims of Messrs. Cernuschi and Walker may be freely admitted. It might even be granted that "there is not gold enough in the world to do the world's business;"—although the deficiency is known to be fully made up by certificates of credit, such as bank drafts and clearing-house paper, through which about nineteen-twentieths of our whole volume of business is in fact done. The total currency of the mercantile world is now made up of at least nineteen parts of credit to one of hard specie. Since credit depends more on the quality than the quantity of its basis, there is no more effectual way to bring about a disastrous contraction and paralysis of enterprise than by corrupting the coinage; and there is no reason why, with sound money assured us, a yet larger superstructure of credit could not be built on the foundation we have. The need of a large amount of specie, or indeed of any definite amount of specie for business purposes is by no means the evident essential thing that it is often made to appear. I must not forget to point out, before dismissing the Bi-Metallist writers, that the present proposition to coin silver without provision for its redemption in gold or for concert of action with European countries, is as directly opposed to their teachings as to those of all other economists. They advocate two standards for the very purpose of escaping abrupt changes of value and price; this proposition leads inevitably to the sudden substitution of a silver for a gold unit of account—no easy transition, but a rude collapse. It is no more consistent with their advice than would be the conduct of a patient who, counseled by his physician to take his daily airing in a soft-cushioned carriage and so avoid lurches and jars, complied by attempting to leap into such a carriage from another when both were moving.

The teachings of experience have greater force, however, than those of any writer or school of writers. To the effects of the Silver-Dollar Act of 1878 appeal has been made by some "Free Coinage" partisans; whether those effects, properly considered, are encouraging or discouraging for their project, will form the subject of our next inquiry.

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III. Present and Past Condition of the Coinage.

Experience under the coinage act of 1878 is said to have proved that the United States can sustain a bi-metallic currency alone. Surely a remarkable claim to make, on behalf of a compromise which set no question at rest and gave no satisfaction; though the Act confessedly survived the proposed amendments by which it was attacked either from the one side or the other at almost every session of Congress for twelve years, and so long, as interpreted by successive heads of the national Treasury, continued to govern us unchanged. Under it nearly four hundred million silver dollars, making a sum from three to four times as great every year as the total silver-dollar coinage in the ninety years between the adoption of the Constitution and the passage of the Act, were thrust into circulation: and five out of six of them returned immediately to the vaults of the Treasury, their place in the circulation being filled by certificates. These certificates, which now form so important a part of the circulation—amounting to more than three hundred millions and therefore nearly equaling the whole outstanding greenback currency—are practically, therefore, the principal outcome of that piece of legislation. They are not "legal tender," except in payment of debts due the Government, though they pass as if they were; but there is no reason why they should not, for the greenback has been made as dependent as

they on the value of the silver dollar, and the coins for which they are exchangeable on demand have the legal tender quality.

Notwithstanding this copious addition to the currency, our standard of values continues to be, not two metals, but simply gold; all other kinds of money in circulation being for practical purposes gold notes. True, the silver dollar is not redeemable, and has a bullion value of eighty cents or often even less; but it does the same work in paying taxes as its nominal equivalent in gold, and so long as the Government receives by taxation every year a sum equal to all the silver it has coined in twelve years, the Government will doubtless continue to assure it an enhanced value. But that is not alone sufficient. The money received by Government is promptly paid out for pensions, salaries and other expenses; were nothing given it but silver, it would have nothing else to pay, and the coin could gain no fictitious value by its action. The essential point is seen in the strict limit set to this coinage, and the Government monopoly of it. Greenbacks, which now circulate along with silver and silver certificates, are by law redeemable in coin, which the Treasury Department has interpreted as practically meaning gold. While the Treasury continues to pay gold for it, and while the silver certificates continue insufficient for the entire work of a national currency, the greenback will continue both to command its face value in gold and to carry the rest of the currency with it. Granted, the holder of the greenback might now obtain gold for it, and might obtain abroad with that gold a larger quanity of silver than his note could command in silver coin at home—but from that he could get no profit. No form of silver that he could procure would in any way bring him more than its bullion value—the laws against counterfeiting are strictly enforced in this country, even when the metal of which the false coins are made is itself genuine and of full weight—hence there is no inducement to any one to buy silver abroad, by sending gold. It would be a speculation very much like that of buying and holding paper, under the encouragement of the high artificial value that the Government's stamp is able to give to that substance.

The object of this paper is to show that the parallel circulation of gold and silver, under the act of 1878, affords no proof whatever that our whole monetary system would not collapse to a silver standard with the introduction of "free coinage." If the privilege of having silver coined into dollars were open to every possessor of silver, our situation would become radically different at once. The holder of gold in a country where he could get for it only sixteen times its weight in silver would be certain, as soon as silver acquired an exchange-value not dependent on coinage by our Government, to send it to some other country where he could get eighteen or twenty for it; and he would be equally certain to put none of it at any such work as sixteen parts of silver could do equally well. For practical purposes, then, gold would be demonetized in this country. It would remain "legal tender," of course, just as it was before 1834 or from 1862 to 1878; but it would become the mere commodity with us that it was then, and for precisely the same reason. In point of fact, the thing that "free coinage" would do would be to reproduce for us the conditions before the adjustment of the coinage in 1834, in an exaggerated form; for the difference at that date between coinage-ratio and exchange-ratio of the two metals was only that between 15 and 15.8, while it is now far more disproportionate; then the work of exchange between this country and Europe was done on a small scale, by slow sailing-vessels, while now we have not only "ocean greyhounds" but ocean telegraphs.

The Coinage act of 1834, it will be remembered, was passed for the express purpose of retaining gold in the country as money: we were then under

the nominally "by-metallic" system now advocated, which had become in fact, exactly what it would inevitably again become under the manipulation of the Free Coinage men of this day, exclusively a silver system: and the only available device for holding gold was found to be a debasement of the gold dollar. As a matter of course, gold was debased too far—was reduced in weight from the fifteenth to the sixteenth of the silver dollar, the commercial ratio of the two metals being between the two figures—with the necessary consequence that, before twenty years were over, silver had disappeared as gold before it, and the only resource was to debase silver in turn. Had the debased silver been made an unlimited legal tender and coined in unlimited quantities in the readjustment of 1853, the experience previous to 1834 would of course have been repeated, and the net result of twenty year's progress would have been two Acts providing for partial repudiation of debts. Fortunately, however, wiser counsels prevailed in 1853; the debased silver was made legal tender only for limited payments, and could therefore be used as money without disturbing the basis of credit. The silver dollar was not debased along with the minor coins, simply because that was believed unnecessary; for that dollar had already been replaced by a small gold piece, and was no longer coined except in insignificant amounts.

To show the inevitable, though sometimes gradual, effect of attempting "bi-metalism" with a coinage value different from the market value, I have made out a table giving the amount of each metal coined by the United States, from the foundation of the first mint until our abandonment of that attempt in 1853. It ought to be observed, however, that the volume of the coinage gives no adequate idea of the relative use of the two metals as money; for people begin to send abroad the better coin and use the worse, some time before the mint finds it out. Considerable gold was coined at our mints in the days when it commanded a premium and did not circulate at all, we must remember. The stamp of the mint is a convenient guaranty of the weight and purity of the metal which receives it; hence our coins are always welcome to manufacturing jewelers, and none the less so when they fail to circulate because their intrinsic value is too high. The effect of over-valuing one of the money metals is therefore seen more speedily in the circulation than in the Mint Reports. To show that our retrogression to a single standard, thus retarded, was steadily progressive, I have divided each period, before and after 1834, into three parts:

Dates.	No. Years.	Coinage Ratio.	Average Market Ratio.	Total United States Coinage, in Millions of Dollars.		Average Percentage Coined.	
				GOLD.	SILVER.	GOLD.	SILVER.
1793—1805	13	15	15.53	2.5	1.9	57	43
1806—1820	15	15	15.58	4.9	9.1	35	65
1821—1833	13	15	15.80	4.5	25.3	15	85
1834—1842	9	16	15.75	19.2	22.3	46	54
1843—1849	7	16	15.86	54.3	17.8	75	25
1850—1852	3	16	15.58	151.4	3.6	98	2

The last two columns, giving the average percentage of each metal coined, with the falling off that they show in the relative amount of the undervalued metal, are most instructive. They have an easy lesson for us in pointing out the only possible result to be anticipated from another vain effort after the bi-metallism which our laws up to 1853 purported to provide. It ought to be admitted that the huge coinage of gold in the last three years before 1853 is due to the fact that then did California first make herself felt at our mints; but that fact does not explain the falling off in silver coinage, from two and a half millions to little over one million per annum, which those years also showed.

No fact can be clearer from our country's experience, I conclude, than that Free Coinage at an arbitrary ratio, though advocated in the name of Bi-Metallism, always defeats Bi-metallism, and banishes the undervalued metal. As already admitted, this fact of experience is not one that must necessarily be true; if we made due preparation for the work, and started the right kind of movement to "rig the market"—and if we proved ourselves strong enough—we might quite possibly prove successful. But none of our Free Coinage friends is willing to enter upon any such task; none of them has anything to propose but the plan followed in the early years of the Republic—a plan which in two distinct trials proved a hopeless failure. We have never had a bi-metallic standard, whatever our laws may have declared. We have been able to use gold and silver together as money, only by keeping one of them subordinate; limiting its amount in circulation, and its currency as legal tender.

The country is far stronger, and far richer than in 1834. Has it by this time gained that power to fix the price of silver by a bold declaration of its purpose to do so, of which it then proved itself so lamentably destitute? That is conceivable, but those who look on it as probable, are harkening to their hopes rather than their reason.

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IV. The "Crime" of 1873.

The difference between the law and the fact is always showing itself, as we follow the course of financial history. The thing that our law undertakes to furnish is not the thing that our experience gives us; and not uncommonly the same law works for a time in one way and afterward in a very different way. We have seen a bi-metallic currency carefully prescribed and provided for the United States, so far as it was in the power of the law to do this, placing the two metals on an exact equality until 1853, and have observed that in changing the status of the small coin in that year, the lawmakers neglected the already obsolete silver dollar. They thus, while recognizing the subordinate place that silver must thereafter hold in our currency, left a loophole through which it might enter in copious floods and drive out gold when changing conditions brought about a change in the relative value of the two. That loophole, existing through oversight rather than design, was closed in 1873, by an Act to provide new regulations for the Mint; this Act explicitly stopped the coinage of silver dollars of 412½ grains weight, and allowed but a limited legal-tender function to any part of the Silver Coinage. Thus the state of the coinage, as it had been settled in 1853, was made permanent.

The Mint Act of 1873 has been subjected to bitter denunciation from those who suffer, and those who imagine that they suffer, from the closing of the Silver-dollar loophole. In fact, it has grown to be a real shibboleth of true "friends of the white metal," to call that Act some kind of "Crime;" as for instance, when one of them assures us that it "must stand in history as the Crime of the Age." As a matter of fact, however, it passed after full discussion, and with little or no opposition; and it was received with such general acquiescence and even satisfaction that the pathetic excuses afterwards made by some who had joined in enacting it—their piteous appeals that the kindly shelter of the Baby Act might cover their complicity—excite less commiseration than contempt. True, the silver dollar of 412½ grains, whose coinage was then suspended, had recently come a little more into demand; our mints, which from 1793 to 1868 coined only 4,600,000 of these dollars, had issued in the following four years, 1869 to 1872, no fewer than 3,100,000 of them, for foreign trade exclusively; but that loss was more than compensated by the new "trade dollar" then provided, which better fulfilled the only use for which the silver-dollar was in those days desired. When and wherein did the "criminality" of the Act become manifest?

The United States produced very little silver before the Civil War. The production of the country has since advanced by steady strides; its mines had already in 1873 begun to furnish more than $30,000,000 worth, or two-fifths of the world's supply of that metal, and in increasing their yield to $50,000,000 they have kept pace with the world's increase, and still maintain the same proportion of two-fifths. The present annual product of silver from this country alone, is greater than the whole world ever obtained in any year before 1865. The one striking fact in the recent history of silver is this enormous increase in its production, by the world at large and particularly by this country; and to that fact we owe all the denunciations heaped upon the Mint Regulation Act. It affects our problem in two ways.

So unprecedented an increase in the supply could not be without affect on the price of the article. The only inference to be drawn from the frantic efforts that are made to explain in some other way the remarkable fall in the value of silver since 1873, is that that metal is really believed to be the one valuable in all this universe which disobeys the inexorable law of supply and demand. But that is an idle superstition. It is worth while to observe that the price of silver had been slowly but steadily falling, even before 1873; having stood, for the mean of six years, 1867 to 1872, at 1 to 15.59, while the mean of six years just preceding, 1861 to 1866, was 1 to 15.41, and that of 1855 to 1860 was 1 to 15.32; and the greatly accelerated decline that began in 1873 closely followed a rapidly increased production of silver in the United States: for 1870, $16,000,000; for 1871, $23,000,000; for 1872, $29,000,000; for 1873, $36,000,000. With these facts in view, we can easily estimate at its just value the pretense that the "Crime" of 1873 caused the decline. The truth is almost opposite; the decline is the sole cause of the appearance of the 1873 act in a criminal role. Immediately and practically, the "Crime" did not affect the standing of silver in the smallest degree. At that time, neither metal was used as currency in this country. No other country was bound by our legal-tender laws; and yet the decline was felt, of course, everywhere. The German Empire made an important coinage reformation between 1871 and 1875, substituting order for the chaos of irreconcilable systems that had previously oppressed the country; and owing to the limit set in its reformed coinage on the legal-tender function of silver, much mischief is ascribed to that precaution of the Germans. But their change was so obviously, like the suspension of silver coinage among the Latin nations, an effect and not a cause of the changing value of silver, that we need give it little consideration. The attempt of that country to sell surplus silver in other countries may have contributed to the decline in price; but no such effect could have followed it if that decline had not been already started by the increased supply.

The rapid development of silver production affects our problem in another and more dangerous way. It has created an "interest," which our legislators feel under obligation to recognize, conciliate and protect; an alert, calculating, exacting "interest," determined as a clear perception of speedy gains on the one hand, and tardy gains on the other—plausible as approved skill and sharpened wits—powerful as great wealth and perfect combination—can make it. To the Silver Interest the bitterest denunciations of hostile legislation come easy enough.

Neither of these two factors can be rejected in accounting for the "free coinage" cry. Let us inquire into the operation of each successively.

V. Legislation in Favor of the Debtor.

To the question already asked, what "other object" the professed champions of a currency based equally on gold and silver can have in advocating a measure which could give us no such currency, one easy answer is at once suggested by the recent cheapening of the inferior metal: that contracts may be carried out and debts paid at less cost. That the man who engages to give the value of ten hours' work, say, may discharge his obligation with eight hours. The desire to shirk is about as strong as any that exists in the human breast; and, where opportunity is given, few indeed are they who would hesitate to seize it. When it is realized that "free coinage" may give us ten silver dollars at the same cost in produce or labor that we now incur for eight, and each of them equal to any of the eight in debt-discharging power, the longing for free coinage is easy to understand. That that longing may be active and ardent enough to determine Congressional elections, and call out statesmen pledged to gratify it, need not surprise us.

It is a rock-ribbed certainty that any desire which is strong enough, and wide-spread enough, will elect many of its advocates to Congress. But it is by no means certain that all strong and wide-spread desires ought to be carried out. And the policy of facilitating the partial repudiation of debts, of impairing the obligation of contracts, is one which can be conclusively shown to be bad in the long run for all classes of society without exception; bad for those who incur obligations, along with those who give the value of service for which obligations are incurred. This is after all only an application and slight extension of the old, often heard but not always heeded, principle that "the best policy is honesty."

But how is this? How can it be better for borrowers as well as for lenders, that debts should be discharged in full according to the contract? Surely the former class must gain by any legislation which lightens the debt? No, not as a class, and in the long run. It may readily be granted that to poor John Doe, whose little farm is under a thousand dollar mortgage, any act which enabled him to clear himself by paying a value that he could call a thousand while it cost only eight hundred, would be a great relief at the moment; but how about his neighbor, Richard Roe, who might be obliged to borrow money on another farm at that very time? How about Doe himself, who might have to renew his mortgage, or raise more money by the same means? It is certain that the terms on which this could be done would become decidedly less favorable to the debtor. If the conditions are made by law in any way disadvantageous to the lender, there will inevitably be fewer lenders, and less money available to borrowers; the law of demand and supply will therefore work adversely to the latter. This adverse working is brought about, of course, by adjustment of the interest on money, a name denoting what its holder has to be paid for the difference between its present value to him, and that of his expectation of it a year hence. Any act or law which scales down debts, has necessarily the effect of impairing the confidence of the man with money to lend, that the value he is to receive next year will be as much as he gives this year; the difference between present value of present money and of future money will therefore be higher, and must be met by higher interest. Or, if the higher interest cannot be paid, the would-be borrower must suffer the refusal of a loan, and thus, as an indirect consequence of the very act by which he expected to benefit, must have to complain of Hard Times.

It thus appears that legislation for the relief of those who have borrowed is legislation adverse to those who would borrow, and favors the "debtor class" of to-day at the expense of its successor to-morrow. Would not an act which fa-

vored the creditor by adding to the value of his investment, have an exactly contrary tendency? Would not the necessary effect of such an act be to increase the money at the disposal of those in temporary need of it and thereby to render easier the conditions on which it is to be had? Must not the rate of interest fall when two lenders have to run after each borrower, as certainly as it rises when each lender is sought by two borrowers? I do not insist that our national legislature should be driven into passing acts of the kind suggested by these questions; but I am quite justified in asking that the points brought out by them should receive due consideration, along with those made on the other side.

It may be believed, and quite a strong case may be made out to support the belief, that there would be more good than harm in legislation increasing value of investments—legislation openly favoring the "creditor class." It has already been shown that such legislation would bear hard only on those already in debt and not on any who are hereafter to be in debt; so that we have to consider only the effect on present debts. Who, then, form the most important part of the "Creditor Class" in our country? "Bloated" holders of the bonded debt of the government? "Shylocks" who have mortgages on Western farms? It is safe to say that for every creditor in either of these classes there are a hundred investors in savings banks, building associations, etc., whose small saving, the result of years of toil and self-denial, is absolutely at the mercy of legislation affecting the value of the dollar; or a thousand workingmen in arrears of wages, whose reward must be depreciated by debasement of the standard—who can only claim the same nominal sum from their employers, that is to say, and have to suffer by the diminished purchasing power of that sum if the unit of reckoning is debased. Working people are uniformly creditors, to an extent not generally known or realized. It has been estimated that the amount due them averages fully a hundred million dollars; 20 per cent. coinage debasement would result in a direct and immediate loss to this class, least able to bear it, of over twenty million dollars on acount of wages due. The contrast between "poor debtor" and "rich creditor" is one often drawn in poetry and rhetoric, and with respect to some kinds of debt that contrast really exists; but it is a great mistake to suppose that it exists generally. The very poor are not debtors, because they can obtain no credit; they are often creditors, because they are obliged to submit to that condition. Notwithstanding our natural sympathy with the cries of those who have debts to pay, we must remember that it is not among them that we must look to find the poorest and most wretched. Legislation to relieve them, is no aid to the class of our population most in need of relief.

I must repeat, and I cannot repeat too earnestly, that my object in calling attention to these points is to show that the question has another side, considered merely as a question of policy or pity. But the question cannot be so decided. So long as we undertake to balance the "claims" of one class of citizens against those of another, or to decide who has the best title, in misfortune or even in private virtue, to government favor—so long have we to proceed through a trackless sea without chart or compass, so long is our task too mighty for human faculty. The course of government first becomes clear, when it ceases to listen which party can utter the loudest cry, but considers only the counsels of Justice. Justice of the bandaged eye—Justice with partiality for no class—to that arbiter alone let us listen. What has Justice to say to the scheme of making all debts payable in silver, coined in unlimited quantities for the sole benefit of the holder of the bullion, a dollar for every 412½ grains?

Were it true, as we are told by the unlimited-coinage schemers, that both metals together formed our standard of value until 1873, at which date one of

them was "demonetized" by a "crime" of some kind against it, the answer might be different. But since that is not true; since neither our own nor any nation has ever had at the same time two standards of value—though its laws may have been such as to allow a change from one standard to another, as circumstances of production changed; since silver was not demonetized by the Mint Act of 1873, its use as money having at once largely increased under that very Act; since gold has been in fact our standard uninterruptedly from 1834 to the present hour, excepting the seventeen years when we were forced to make all values depend on the prospect of obtaining gold for a government promise to pay it;—in view of this state of facts, there can be no serious question that existing contracts are based on gold values, and that only gold or some accepted representative of gold can justly discharge them.

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VI. The Cry for More Money.

"Hard times" are popularly associated with a scarcity, and "flush times" with a plenty of currency. The Government is credited with power to make currency scarce or plenty by legislation. Legislative measures for increasing the volume of the currency, therefore, never lack advocates. No subject is more important for us to consider, than whether such measures are capable of bringing about the desired end, and whether they may not accomplish more mischief than good in the effort.

In the first place, I must deny the existence of any such relation between hard or flush times and the volume of currency in circulation, as is popularly believed. There is a good deal to explain such a belief, I admit. The pioneer or dweller in remote country districts, who has learned the use of money and is forced to dispense with it, keenly feels the inconvenience of his lack of cash. The farmers to whom experience has taught the usefulness of an ample currency in hand when the time comes to "move their crops" are its natural advocates. Business houses, when they have to meet a call for cash while their assets are not readily convertible, appreciate the ills of "tight money" as much as anybody, and are as ready to join in movements to make money easier. But there is no proof in any of these facts that a large amount of currency would make the burden permanently lighter for those who now complain.

Financially, an easy condition seems never to arise from the possession of a large supply of currency, though it may be brought about by an *increased* supply. The stimulus to business is given by the act of putting more money in circulation; but after the increase has ceased, the stimulus disappears—business is no more active, no more secure against another period of depression, with the large currency circulation than it had been with the smaller. In this there is a likeness to certain drugs, whose effect on the system can be kept up only by continual increases in the dose; the stronger dose, taken constantly, having no more stimulative power than had the weaker one before. Bearing this in mind, remembering that the relief to be had from an increased currency is necessarily only temporary in its duration, be are led to consider the more lasting effects of the increase, which, if the addition is currency of a quality inferior to that previously circulating, cannot but we evil. The bad money, as was long ago pointed out, must drive out the good. The increased currency supply will thus bring temporary relief only at the cost of permanent injury.

Another grave objection to the inflated circulation of silver, and of notes representing silver, proposed as a means of appeasing the hunger for "more money," is the difficulty of getting the money into the hands of those who are

calling for it. We must remember that while a lamentable deficiency of money is complained of in some quarters, at the very same moment there is a surplus of it in others—great hoards of it lying idle, vainly seeking a borrower on good security at unprecedentedly low interest. Such additions as Congress might make to the circulation would probably go only to increase these hoards. Why? Because the Government cannot be expected, any more than the bankers, to part with value on inferior security; and if private money finds no better investment than in mere storage, or in supplying the languid demand which is the best for which good security is to be had, public money must follow the same course—unless forced into another course. There are propositions in abundance, it is well known, for compelling another disposition of the desired inflation of public money than would be permitted by sound business principles; but are any of them deserving of serious attention? Is it not fully enough to say of such projects as that of lending money at low interest to any one who will furnish real estate security for the loan, that if private money is not to be had on the terms offered, the Government—that is to say, the taxpayer who sustains it—is asked to do for nothing, a favor which is worth money; is asked to make a present in the guise of a loan, of money extorted by taxation; is asked to turn over, without compensation, to some citizens the property of others? Practically, therefore, there is no way in which the demand for more money can be met by Government that can afford any real relief, and be at the same time clear of what amounts to legalized spoliation.

It should also be borne in mind that the economic disorder diagnosed by plausible political quacks as lack of currency is often something different: lack of capital. In order to move the crop, or make the needed improvement, it is wealth that is needed, and not particularly wealth in a convertible and portable form. The need is no less serious for that; it is indeed too serious to be curable by increasing the currency.

The reply to any proposition for supplying the people with more money, if the addition is to be of an inferior quality and therefore of a tendency to drive off or depreciate what is already in circulation, should therefore be in almost all cases a decided negative. Only the most pressing, most urgent national distress can justify the step. As a remedy it is too dangerous, and too likely either to fail in reaching the complaint, or to prove no remedy when the complaint is reached. As has been shrewdly said, the Government is omnipotent to make money, but pitiably feeble to give value to the money it makes; and after all it is value that we want as a basis to our monetary system, for we are as incapable of measuring value by that which is without value as of measuring length by something without length. Where credit is good, and business methods sound, more can be done with a small basis of reliable money than with a much larger basis of doubtful money.

The certainty that the free coinage of silver would at first give us a large increase of money in circulation, and the strong probability that that increase might finally surpass what we should lose by exportation of undervalued gold, are far from being the convincing arguments in favor of the measure that they appear to many minds. Silver inflation must be very much like paper inflation in its effects; the inflated prices resulting upon it would have a lower limit, doubtless, because the silver dollar has a real value approaching its artificial value; but they would reach their limit more promptly, because the hopelessness of any redemption for the depreciated money would be sooner felt. The additional circulation must pass into the hands of the holders of silver bullion; and how it is to go from these to the aid of those in need of a larger currency, is not shown. The only aid that it could possibly bring would be to the debtors, who

would gain not by the increased quantity, but by the depreciated quality, of the money of account.

A wild and terrible tale of woe has been going the rounds of the papers "friendly to silver," in which the shuddering listener is told of the fell work of our misguided Government when it "destroyed half the money in the world" on that ill-starred day in 1873, and because it caused "silver to fall as compared with gold." "This fable teaches us," it appears, the fearful results of diminishing the money supply, and the crying need of increasing the same. Attention has already been called to the large increase in the use of silver as money under the Act which is said to have "demonetized" that metal; the Mint Reports show that the coinage of silver money rose at once to a higher figure than had been reached since 1861, and already in 1876 and again in 1877 more of such money was coined than in any previous year since the foundation of the Government.

The clause of the Mint Act which prevented the silver dollar from usurping the place of gold as a standard of values and finally banishing it altogether, could have had no immediate influence on the standard, which was in those years neither silver or gold, but depreciated paper. In fact, at the time when the fable tells us that our law was hurling down the price of silver, it was in reality having no appreciable effect at all. But fable ought to be confronted with fact at another point; where the fall in price of other forms of property is ascribed to the Act in question.

The fall was really due, as is well understood by all who are not dupes of one or another class of Protectionist plotters, to improvements in methods of production and economical transportation; which cheapened gold itself in some degree, but not in nearly the same degree as the commodities compared with it. The proof of this is plain, when we consider expenses unaffected by these improvements: as wages of labor, which have not fallen, and rent of land for business purposes, which has generally risen. In reality, therefore, the evil which it is proposed to cure by a pretended increase in the volume of legal-tender money, and a practical limiting of legal tender to silver and representatives thereof, has no existence.

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VII. Protection to the Mine-Owners.

Neither of the two cravings I have considered, that for cheaper money to make debt-paying easier, or that for more money to "lubricate the wheels of commerce" and "restore confidence to business," would ever have been powerful enough to bring upon us the silver agitation, but for the co-operation of a redoubtable ally. For debt-scalers and inflationists we have always with us; there has been nothing to give them greater cogency or even plausibility since they hitched themselves to the Silver car than before; the fact that they seek temporary relief to themselves at the cost of lasting inconvenience to those with whom they ought to be most in sympathy—advocate a remedy which is less sure to satisfy any one than to excite a cry for further doses—has been as evident as in all history heretofore; they have already been defeated in the battle over "fiat money," and would not now be formidable but for the partnership into which they have had the fortune to enter.

The unparalleled increase in the product of silver, to which its equally unparalleled fall in price is undoubtedly due, was brought about by more than one cause. Not only did rich new deposits reward the prospector, but the cost of extracting from them the pure metal by improved processes, and of carrying it to

market by the Pacific Railroads, was greatly diminished. The mining combination needed no instruction to perceive the princely profit possible to it, if it could use the means provided by Nature and man for cheapening production without being subject to the inconvenience of lower prices; or to act thereon with all its shrewdness and energy. Its interest has always been plain as a pike-staff, and no doubt of the entire devotion of its Congressional representation has ever been raised. While its members have continued to furnish an admirable example of ardor in a common cause, all others have been divided and irresolute, thus affording the determined minority an opportunity which it was not slow to seize. But how, it will be naturally asked, came this to be permitted? How has it ever been possible for a few silver men to bend a legislative majority to their interests? How has it been possible to conceal the fact that any gain which they could draw from complaisant acts of Congress must be at the general cost? The answer is no simple one, for several causes have contributed; but the most important source of strength to the silver combination and of weakness to the rest of the Republic has been, I do not hesitate to say, the Protective Superstition.

It happened very luckily for the silver interest, that the days in which it had to approach legislative halls with its axe to grind, were those when the country was so abject a prey to delusion. The general interest was always sought in favoring the few who gained by high prices rather than the many who saved by low prices—thus promoting scarcity and fighting off abundance—or, better to show the delusion, in favoring on general principles those able to make out a strong case for governmental favor, not stopping to consider at whose expense, or even denying that it fell on anybody,—the belief being that what was gained by the beneficiaries was either freely bestowed by a benignant Providence or was wrested from the hated foreigner. This delusion well served the purpose of the silver men. What they wanted was such legislation as would insure them higher profits on their product; exactly what all the Protection-seekers have always wanted, since Protection was first contrived for them. Like the creators of Protection, they did not wish the cost of their increased profits to fall on their fellow-countrymen; or, if that must needs be, they did not wish their fellow-countrymen to feel it so; and this kindly superstition was exactly fitted to bring their plans to success. It has helped them more than once, and it helps them yet. It at this moment puts these men in the attitude of pensioners of the Republic, spreads far and wide the impression that we owe them something because we have given them so much already, and takes no account of the people's rights on the other side. Are not we after all the sufferers most worthy of consideration? Against those "vested rights" which are really vested wrongs, whoever profits by them, I feel like repeating the reply of the abolitionists to the proposal to "pay ransom to the owner:"

> "Who is owner? The Slave is owner,
> And always was. Pay him."

Their scanty numbers, and the greater prominence of other issues in our politics, have been difficulties but not discouragements to the silver representatives. A little strategy has been necessary—nothing more. Strong and undoubted as are their "claims" to Protection: being few, already rich, and tightly combined: they might yet have failed in securing the aid of other protectionists, notwithstanding their unfailing co-operation in all plans for pillaging the multitude to benefit a few favorites, had they not secured outside support. The inflationists and debtor-party have become as necessary as themselves to the success of the movement under their direction; although, they having an intelligent understanding of it which their allies lacked, they are the only ones to get any profit from it.

The arguments used to confirm and sustain this alliance are of a "spider and fly" nature; any sober appeal to reason would be thrown away on persons who, it seems, have yet to learn that no measure for making a so-called dollar easier to get, is ever going to make the goods, for obtaining which the dollar has all its value, a bit easier to get.

Like other protectionists, the silver men make out the principal part of their case by skipping over pertinent facts, and laying stress on irrelevancies. Shall a few be mentioned? The silver dollar is "the poor man's dollar"—certainly; when one remembers that the worst dollar is always given to the poor man, the truth of this claim is seen to be no recommendation of it. It was "the original dollar"—that is to say, the dollar was at first a silver coin. That it was; and so, it might be added, did the words "car" and "train," and many others, have very different meanings in ruder states of society, from those given them in more advanced states. It is no reflection on our forefathers, that we do not recognize the same monetary unit. We cannot; the work expected of money in our day is different altogether. Just as we abandoned trains of wagons, and cars pulled by beasts, for something that better suited our growing needs, so we have, in these days of far transportation and economy of labor, abandoned the silver dollar for a more concentrated expression of value. It was not done by the purpose or wit of man, but by the movement of the age.

But their favorite cry is one that has the high advantage of greater vagueness; they want to put silver and gold "on an equality," in coinage. This is, when considered, only a finer way of saying that they want to force every man who has any claim on one of these metals to satisfy himself with sixteen times its weight in the other—nothing less or more. In every other way, the "equality" is as perfect at present as could be desired. A contract to deliver so many ounces of standard silver—whatever the number—would be recognized and enforced, under present laws, and the government's stamp would be accepted as evidence of weight and fineness, precisely as if the contract called for gold. And this is what a money contract essentially is. It is not pretended that gold has any other than a "commodity" value—exactly what the same metal has when applied to other uses—except so far as the supply for the other uses is reduced by the withdrawal of so much in the form of coins; or that its withdrawal affects its value in any other way than it would be affected by the introduction of some new use for gold—a form of fashionable jewelry, for instance—which called for the same amount of it.

The fact is, what the silver-protectionists are after is something altogether different from equality. They wish *to stamp upon their metal a value not given it by demand and supply*, which determine all other values, that of gold not excepted. Though they do not claim the power to sell an ounce of silver for a legally determined amount of wheat or cloth, they do claim to say how much gold it shall sell for—the relation in value of gold to wheat and cloth being determined exactly as are the relations of wheat and cloth to each other. They are not content with a gold status for silver, but would raise their product to an eminence that no other product occupies. That the sole possible means of accomplishing such a result, a fund in our Treasury for unlimited purchases of silver, will never be allowed them, we may look upon as quite certain. The uncertainty is, what is to happen to our Treasury and our general business while we are making our effort to achieve their end for them without the necessary means?

VIII. Free Coinage Probabilities.

"Don't ever prophesy unless you know" is a favorite motto, and the uncertainty of prediction has received many a practical illustration in political history —particularly in that of our Silver Question. Not from any taste for the office of oracle do I undertake to forecast the probable results of free coinage, but only because I find it indispensable to a full discussion of the project; there must be a clear idea of all its possibilities, and a careful estimate of the degree of probability belonging to each, before one can rightly judge it. On such an idea and such an estimate is every project adopted or rejected.

The ends desired by the two interests which are calling on us for free coinage of silver cannot, it is easily seen, both be fully realized. He who has a debt to pay wants the dollar that will cost him least, in labor or in goods—the dollar whose real value will be furthest below its face; he hopes that the silver which is to compose the new standard will not increase in value, and therefore in cost to him. He who has silver to sell wants the dollar that will buy him most—the dollar whose real value will be equal to its face; he hopes that the value of silver will increase with its adoption as the standard, even to the point, $1.293 per ounce Troy, at which the value of 15.988 parts of silver equals one of gold. Free coinage cannot completely satisfy both sets of clamorers; which set is then to be satisfied and which disappointed? The result may be something petween the two desires; some rise in value which will bring additional gain to the mining interests, yet not sufficient rise to disappoint the debtor of his longing to pay his debt with a less value than he contracted to pay. Each party to the conspiracy would thus win something; but the miner would continue to gain as long as his metal continued to bring higher prices, while his partner could never gain a penny after his immediate debt was discharged. He would suffer, on the contrary, in two ways: he would have to procure his future loans on less favorable terms, and the premium thus temporarily set on borrowing —the sudden ease with which his nominal dollar was made—would confirm him in unthrifty habits. More debts would thus be incurred, at the very time that their payment was made more difficult.

The first effect of a free coinage Act would be to bestow large profits on all who have silver to sell. By the bill which a few months ago passed the Senate they would have been assured against any delay in realizing those profits, being allowed immediate payment for silver bullion in fresh issues of Treasury notes; the mint might then work slowly or swiftly—their gain will be equally secure. For some time this would be tantamount to making them a present of the difference between the market value of silver (now less than $1.00) and the par value of $1.293 per ounce; and this would continue as long as the silver dollars and the notes payable therein could be made to do the work now done by dollars based on gold. That work could be done permanently in the discharge of debts; for a long time in payment of wages to the laborer, because it would take him many months of high prices and hard times to learn that his dollar meant something different from what it used to mean; for a considerable but shorter time in settling accounts with the farmer, who would be a little less slow to make the same discovery; for less and less time in other kinds of business, according to varying intelligence and ability to combine It is to this first effect that the silver men seem to be mainly looking.

A second effect would not wait long upon the first. Our mints would be suddenly choked with silver bullion and foreign silver awaiting recoinage; and the public resources would be strained by the difficulty of disposing of so vast a mass of metal. That some tendency of this kind would exist, it requires little more than plain common sense to see; for it is quite evident that the amount of silver now for sale, here or abroad, at the rate of one twentieth or less, must be

very much increased when a buyer willing and able to pay one-sixteenth enters the market. Production would be stimulated, and the market would be flooded. It is often denied that European governments would be disposed to sell us their silver coins at one sixteenth of gold when they pass such coins off at home for a higher price: one to fifteen and a half. I should not dare to trust them, knowing that the only way in which they are able to make silver coins pass at the 15½ rate is by suspending the coinage, and jealously hoarding up all silver beyond the limited amount that the people must have for small change. Those governments could not keep their gold in the country if they were willing to let out their whole stock of silver coins at 1 to 15½; they would be glad indeed to save themselves an embarrassment by throwing it on us, and to sell us many millions' worth of silver on terms so favorable. The position of the governments that hold a surplus of silver is not unlike that of the capitalist who has power to pass every sheet of paper in his desk at many thousand times its value, by writing a few words on it; who is nevertheless glad to sell that paper, blank, at the smallest advance on its cost price. He can easily replace the paper he sells, and so can they replace their silver. I admit, however, that this state of things could not long continue unchanged. As the second effect grew out of the first, it would lead to and be checked by the one next in order.

The third effect would be to depreciate the purchasing power of the dollar in about the ratio that the value of a silver ounce now holds to $1.293, making it worth less than are eighty cents at present. This change would be known as an increase in prices. Though all prices must sooner or later be raised, to correspond with the depreciated unit of value, I have shown that the movement would not be simultaneous; it would start among the wealthy and educated dealers who have power and experience in concerted action, and would last reach the poor, uncontriving and uninstructed day-laborer. When the artisan at the manufacturing center, the farmer and finally the toiler in his fields, became at last able to make good their claim to an equal nominal increase or real restitution in the sums paid to them. the adjustment would be complete. Silver, by that time the unit of value, would have little or no more than its present purchasing power, and the mine owner could realize from the necessity or credulity of his fellow-citizens little or no more than his present gains. His great season of prosperity would be meanwhile, before the adjustment could be completed; and would be paid for, as I have plainly pointed out, chiefly by the "unlettered hind" and manual laborer.

In explanation of my confidence that unlimited coinage of silver would give it no appreciable permanent increase of purchasing power, measured either by gold or by other commodities, I may refer to the table given in a preceding paper, where our sixty years of attempted bi-metallism, 1793—1853, were divided in six periods, to show the progressive practical demonetization of one metal in which such attempts must result. Our legal coinage ratio was entirely without influence on the commercial ratio between the two metals: for the latter rose through the mean values 15.53, 15.58, 15.80, during the three periods while we were trying to keep it at 15, and fluctuated through 15.75, 15.86 and 15.58 during the three while our laws would have made it 15.99. These figures show nothing of that effect of bringing the commercial ratio up or down to the legal, on the pretense of which the claim of the free coinage advocates to the name of "bi-metallist" is essentially based; and there is thus nothing in our experience to suggest a conclusion different from the one I have drawn, that any present change in our standard of values must be quite without effect on the price of gold as compared with silver. The coincidence of the Mint Act of 1873, which cut off the unlimited legal-tender feature from a dollar coined

always in very small quantities and at that time exported as fast as coined, with a fall in the gold price of silver, is about the only fact that might suggest a different conclusion; but that has been already sufficiently explained.

The next effect would inevitably be the complete disappearance of gold from the circulation. Gold is never to be had when inferior money will go just as far; whether the substitude be dubious paper or overvalued metal. Its disappearance under our unlimited coinage of silver at one-fifteenth before 1834 has already been remarked. The tables of the Mint Reports do but scanty justice to the effect as felt outside, however, for we are told that as early as "in 1822 not a single American gold coin was in circulation in the United States, though $6,000,000 had been coined at the mint."

As to another effect, unfortunately only too possible, that of a severe financial crisis to follow such a tampering with credit, it is worth while to quote from a striking article on "The American Silver Bubble," by the distinguished English economist, Mr. Robert Giffen. A clearer view of affairs in any country is often to be had from outside the country, just as the movements of an army are better understood by those who have the advantage of distance and are not moving with it; and Mr. Giffen's position at home is such that the views he takes of our situation are probably those which will be generally taken at the world's greatest business center.

The writer cites a remark of the late Mr. Bagehot, that our country is the theater where the result of economic experiments, or rather illustrations of the truth of elementary economic principles, can best be studied on a large scale; and he finds a verification of it in the case of our recent financial legislation. He then describes our half-dozen kinds of "substitutionary or representative" currency, since we first fancied that we gave up trying "to have a complete monometallic system;" for in his view, "although this intention has been partially nullified by legislation of a different kind in 1878, on resuming specie payment, and since, at the instigation of the abundant money party, yet gold in fact retains its preeminence in the United States system." This conclusion, that gold is still our standard, and our only standard, and that it can only cease to be such by ceasing altogether to be money, has already been made sufficiently familiar to readers of these papers. Our six kinds of substitute currency all depend for their value on the gold dollar of 25.8 grains and the credit of the Government. The difference among them is in the kind of security given for the performance of an identical promise to pay a gold dollar; the greenback, for instance, has behind it a special deposit of $100,000,000 in specie to meet all demands; the gold certificate a deposit of the total amount outstanding; the silver dollar (in addition to its intrinsic value) the force of laws which make it receivable at par with gold for all dues to the government, etc. But is not the dependence of the holder, in every one of these cases, simply on the good faith of the National Government? By recourse to so various and involved ways of enlisting and securing that good faith, do we pledge it more firmly in any case? No wonder our contrivance of half-a-dozen devices for expressing precisely the same thing is characterized as "wastefulness" and perverted ingenuity.

It would be interesting to quote from Mr. Giffen at greater length, but there is only room for a few extracts in which he shows the want of confidence in the solidity of our financial structure, with which our silver vagaries are now inspiring the cautious Briton:

"By departing from the simplicity and perfection of a single standard in the vain hope of increasing 'money,' as it is thought, and so raising prices, which they think can be done by making gold and silver standard—a thing that is impossible—or by multiplying representative and small change currency only, which

has little or no effect on prices, the people of the United States are running the most serious risks of financial disaster. The moment the present expedients to keep all the substitutionary currency on a level with gold cease to be effective, and this currency is pressed upon the market in excess, gold will cease to be standard; the gold in the United States will be either hoarded or exported, or used at a premium; and silver will fast become the standard money. Existing creditors will receive in consequence less than they contracted for; many contracts will be disturbed; and in circumstances easily conceivable there will certainly be panic. * * * * The return to specie payments in this country after the inconvertible paper at the beginning of the century was a most painful process, and the great panic of 1825 incidentally arose out of it. * * * * To this sort of evil the United States, having got a good standard, voluntarily exposes itself in deference to the fanatics of bimetallism, stimulated by the private interests of mine owners who have silver to sell. * * * * The crisis may possibly come before long. It is only a question of a short time when the United States will be face to face once more with the problem of surplus silver. * * * * Another fact which points in the direction of an early crisis is the prospect of a diminution of the annual surplus of revenue over expenditure, which has hitherto enabled the United States Government to act so powerfully on the money market. * * * * It is evident then, that the situation in the United States under the new *regime* must be extremely complex and difficult."

Commercial crises do not come so often as they are predicted; and it is rare that they come in the manner expected, for their very prediction tends to ward them off. Secretary McCulloch began to prepare the country for a panic as soon as the civil war closed, and was looking out for it as long as he continued at the head of the Treasury; and yet he ingenuously confesses that when it did arrive in 1873 it surprised him as much as any one. It is altogether possible, therefore, that even though gold payments should be suspended in this country, in consequence of the clamor of shortsighted men for a "readjustment" of their debts and their impending realization that they can obtain no such readjustment as long as gold is accepted as a standard of value, there might be no such period of geneneral distress as we had in 1857 or 1873. But none the less is it madness to incur the risk; madness to neglect the lessons which experience, both in our own and in other countries, has for us. We should not so often have to serve as a theater for the illustration of economic truth to other lands, if we paid closer attention to the exhibitions that they have made for our benefit, or better remembered the truths that we ourselves have exemplified in the past.

IX. Silver and Democracy.

This discussion has reached a greater length than was at first intended for it, but none can claim that its subject is lacking in importance or in timeliness. Few questions are more constantly arising in our national legislation, few receive more attention from public men, and yet few more obstinately elude a satisfactory settlement, than that of the silver dollar. The coinage Act of 1878, as we have seen, satisfied nobody, and yet no change in it was possible for twelve years because no acceptable substitute was proposed; amid universal agreement that the act needed amendment, there was no agreement what amendment it needed. The measure which, through many vicissitudes, pushed its way to enactment in July 1890, is destined to be little more fortunate. Notwithstanding the complacency with which the Republican press affects to regard it, the party

is plainly at odds on the subject; while disapprobation among the Democrats is universal. Manifestly, then, the silver question is yet before the country for settlement. When the Democratic party comes into its own again, it ought to hold clear views upon this question, and have the power as well as the will to turn them to good purpose.

What attitude, with regard to the coinage, ought to be taken by the Democrats? What attitude is most truly Democratic? There should be no hesitancy in replying: the one which involves least interference by the Government and the widest liberty of the citizen. It is the duty of the Government to enforce contracts, and this obligation extends no further than to see that whenever a "dollar" is promised, the same value shall be paid—unless public interests require otherwise. The powers of the government in coining money are granted it for the purpose of facilitating the fulfillment of such contracts and for no other purpose. The party now dominant has gravely declared it "the policy of the United States to maintain a parity between gold and silver on the present legal ratio," and certainly the Government has been called upon to make some powerful efforts toward that end; but its power over values has never gone beyond its own coinage—uncoined silver, in contempt of governmental acts and policies, regulating its price strictly according to supply and demand. Apart from its proved futility, this policy is fundamentally unsound according to the Democratic view. Whatever a paternal government may take upon itself to maintain, no truly sound or free government will assume to declare that so much of one valuable shall be exchanged for so much of another. The whole contrivance of sumptuary laws, along with which regulations of that kind must be classed, is discredited in our country; not only because it is an infringement of liberty, but because the folly of it has been proved by experience here and in other lands.

Is it not in strict accordance with the view of the functions belonging to government always held by Democrats, to look on any attempt to fix a standard of values as altogether out of the sphere of legislation? The fact that the country acknowledges the gold standard, that a dollar really means some definite quantity of pure gold, but no definite quantity of any other substance, is not due to legislation. Instead of the supposed tricks of a "demonetizing" act, surreptitiously passed to increase the ill-gotten gains of rich men, the matter was determined by the needs of our commerce. As business transactions multiplied, and larger values had to be transported in settling accounts, economy in the transportation had to be considered; and the substance which gave more value in the same bulk and weight was necessarily preferred. Such is the true explanation and the only explanation; and it has escaped discovery by statesmen intent upon unraveling some deep-laid plot or cunning hocus-pocus, probably because of its very simplicity. The reasons for the persuasion that this is a gold-standard country in common with the great commercial nations generally, and not a silver-standard country such as Mexico or China, need not again be detailed; but it must be acknowledged that they owe their force to the volume of our commerce. Were our commercial transactions confined within Mexican or Chinese limits, the Mexican or Chinese standard of values might suffice us. Nor is this decision of imperative business interests one which the Government is called upon to review or to reverse.

This statement of Democratic doctrine, although its strict orthodoxy admits no question whatever, is unacceptable to many faithful Democrats. There are those who cherish the "iridescent dream" that it is possible to have two standards at the same time, without throwing upon the Government which should undertake to maintain them a burden of expense equal to that of prosecuting a mighty

war. It is only necessary to remember that the circulation of two metals in unlimited quantities, at par on a fixed ratio, is something that has never actually been attained, but something whose successful accomplishment would require the maintenance in the Treasury of a sufficient supply of one metal to purchase all that could be brought thither of the other, from the wide world—to realize that the endeavor would be certain to cost far more than it was worth. Is not national economy truest Democracy?

There are others who contend that the equal recognition by our laws of the silver dollar and gold coins, at the suspension of specie payments, was or should have been of itself sufficient to put the two on the same footing when specie was reinstated; so that the debtor became entitled to an option, in which coin he should pay. It is unquestionable that most of the Democratic support for schemes of free silver coinage is obtained on some such statement of the case as this. Yet the answer is an easy one. No advantage can possibly come from paying one's debts in silver, so long as the only silver money to be had represents gold value. If the value of the silver dollar is going to depend entirely on that of gold, that of the metal it contains not entering into the calculation, there is plainly no use in having a silver dollar at all, and we should represent the gold dollar in more convenient shape. If, on the other hand, we give the debtor the advantage of paying only the face value of the silver dollar, the gold dollar ceases to be currency; for no possessor of such a dollar will put it to a use in which it brings him less than its value.

The result toward which those who would provide an easier way of paying debts are really looking, therefore, is the single silver standard. The question is before us, not to be disguised or evaded; shall our standard of values be gold or silver? On this question, if our Democratic advocates of free coinage could see that it and no other was really involved, there could be no reasonable doubt of the position of the party. Whatever leanings Democrats may have shown toward that impartial treatment of the two metals whose possibility is found rather in the realm of fancy than in that of actuality, none has maintained that silver is a better standard than gold, when the two are incompatible.

Another reason, it must be truthfully confessed, why many good and able men have suffered themselves to be misled on the silver question, is the shrewdness with which the mining interest has always played its part in the national legislature. By pretending in the first place, to a consuming zeal for free coinage of the white metal, it manages to enlist for a movement to that end a large Democratic as well as Republican support. Here falls the curtain on the first act of its little play—so successfully performed in 1878 as to encourage a repetition on a grander scale after a twelve years' interlude. The second act discloses some very interesting consternation among the more conservative heads in Congress, over the danger threatening the coinage system, and a decision to avert that danger by a "liberal concession to silver." In the final act the mining interests are granted their heart's desire, a law by which the Government is forced to contribute to their gains by a compulsory purchase of a large part of their product; all the actors retire in high satisfaction, and nobody suffers except the swindled public, at whose cost the schemers are rewarded. The pretty feature about the play is that nobody seems to suspect, when the star performers come so ardently and emphatically to the front with their demand for free coinage, what they are actually after; that is left to appear in the denouement.

Will the Democrats whose unwitting aid has more than once been used to advance the plans of a bold and conscienceless silver lobby, ever again consent to serve as cat's paw? I see their eyes opening; I trust and have faith to believe that they have appeared in that role for the last time. Even Mr. Bland, the

acknowledged leader among them, confesses to a disappointment at the working of the act of 1878, with which—in spite of the fact that it was essentially the work of the Republican Allison—he is generally complimented by the association of his name. He has given us to understand that were it to be done over, he would not again become responsible for a measure from which the mine-owners alone could draw benefit: and he is as ready as any one to recognize the true tendency of the act passed by the Republicans last July. Can he not take one short step farther, and agree that it is forever hopeless for the party to make any capital, or to accomplish any useful work by trying to outbid the Republicans for the support of the silver mining ring? A few years ago there were Democrats who still clung to protection, and thought it in the power of the party to soften the opposition of its beneficiaries by dealing gently with that mighty abuse. The futility of such counsels has been amply demonstrated: and a like demonstration awaits any Democratic courtship of the beneficiaries of Congressional silver deals. They know too well that between their interests and our principles no adjustment is possible. Who is blind to the fact that there are no firmer Republicans than they—none more ready to vote for all the schemes of the Protectionist, for every device that will build up the interests of a few capitalists at the expense of the people? Who deludes himself with the fancy that the Republicans knew not whom they were receiving when they admitted the "rotton-borough" States?

The owners of silver mines are truly, as Mr. Giffen recently assured us, the "gainers by the American Silver bubble. They are even better off than if they had got unlimited coinage of silver, which was so very near being carried." Will all good Democrats remember, that by any possible legislation in behalf of silver, no others can be permanent gainers? That their gains must be paid by our losses, the heaviest burdens falling on the weakest shoulders? That private favoritism and Democratic doctrine are hopelessly irreconcilable—forever in mortal conflict?

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X. Devices for Increasing the Circulation of Silver.

Associated with the Free Coinage scheme which has so long occupied our attention, are a few others which deserve notice. These have in view the same end, of bringing more of our large annual silver production into use as money, but undertake to attain it without degrading our standard of values and driving gold to a premium. Two of these have already been carried into effect by Republican enactment; one of them by Mr Allison's amendment to the "Bland bill" in 1878, the other by the caucus bill which became law in 1890. The effects of the first have already been examined; those to be expected from the second may be readily inferred from a brief consideration of its character. It increases the silver circulation only in a representative form—coins being replaced by treasury notes. It has three conspicuous traits:

1. Burdening the National Treasury with the care of a large quantity of silver bullion for which it can find no practical use. There can be no demand for the metal as coin, so long as none of the coin can be had except by giving gold value for it; and any sale of it by the Government would obviously defeat the second aim of the Act.

2. Increasing the price of the metal and the profits of those who own silver

mines. This effect naturally follows the creation of an artificial demand. The Government has entered into a "corner" in which it throws all the risk and cost on the taxpayers who supply it the means, and hands over to the mine-owners all the profit. That is pleasant for the mining interest, but when one thinks of the higher cost set by legislation upon the table-ware and watch-cases, and other articles of wide but less universal use, little that is better than vulgar highway-robbery can be seen in it. Beautifully appropriate it is, that the entire responsibility for the passage of a law despoiling the great body of our citizens for the benefit of a favored class, should rest on the Republican party.

3. Inflating the currency, by an addition analogous to the French *assignats* of a century ago and to the Argentine *cedulas* of our own day. Although without the most dangerous features of those experiments in finance—issue by the Government in unlimited quantities, and no provision for redemption—the new Treasury notes are a step in the same fatal direction. They steadily increase by large monthly instalments, so that their accumulation is certain after a time to embarrass our Treasury, which must either let them depreciate to a silver basis and carry down with them its whole credit, or must put them on a gold basis at some such cost in financial stringency as was experienced in redeeming our greenbacks after the close of the civil war. To hand down to another generation, which will assuredly have burdens enough of its own to bear, the obligations incurred by the present generation, is pardonable when the national safety is involved, as in the civil war, but is a cowardly evasion when the nation is not in danger, and despicable trickery when the stress is only that of party need. Like the *assignats* and the *cedulas*, the new notes have value behind them; unlike them, they are not issued in enormous excess of that value; but the silver bullion on which they are issued cannot be used in any way for redeeming them without sacrificing the main purpose of the Act—to increase the price of silver by "cornering" it.

So much for the devices made into laws by Republican legislation. Their bad character can hardly be in need of further exposition. Another plan, distinguished from these by containing no scheme for the gratuitous enrichment of any "industry," is for that reason less attractive to the Republican mind, and finds its chief support among Democrats. This proposes the "full-weight dollar," a dollar to be coined equally with gold as unlimited legal tender, just as in the other silver schemes, but differing essentially from other proposed dollars in its weight, which is to be fixed by the present market price of silver in terms of gold; now about one to twenty, instead of one to sixteen. This new silver dollar, freely coined for unlimited legal-tender purposes, would therefore weigh not far from 500 grains, in place of the 412½ prescribed by Bland and Allison.

There would be many points of interest in this plan, if it were a practicable one—if there were a real prospect of its enactment. First, unless the Act carrying it into effect bound the Government, or made it the duty of some strong corporation, to maintain the decreed ratio of value between gold and silver, the plan would not give us two standards, however it might appear to do so while the price of silver remained unchanged in the markets of the world. As soon as silver became dearer or cheaper, prices would base themselves on gold alone or silver alone, and the standard would thus remain until changing conditions of production brought another overturn; we should have either the coinage system that prevailed with us before 1834, or that between 1834 and 1853—not bi-metallism. Second, unless the price of silver should rise, so as to assure us the gold standard, our unit of values would be fluctuating and unsteady—as reckoned in the currency of the nations with which we have our principal commercial dealings. It is worth while to stop and explain, that I do not ascribe to gold

any greater inherent, intrinsic fixity of value than belongs to silver, or to any other commodity; I am merely calling attention to the inconvenience of a standard of values that holds no steady relation to that recognized in the countries with which we trade. Third, the fact that when the two metals pull apart, as they inevitably must, the currency of the country will be brought down to one of them alone, is sufficient to assure us that this device could not bring about the desired increase in the circulating medium. Just as the fullest employment of labor is provided by its division among different pursuits, as all experience has proved, so it has equally proved that the fullest use of gold and silver as money is provided by giving them different parts to perform—one as full legal tender, the other as subsidiary. I can freely admit that the "full-weight dollar" project is altogether free from the graver objections made against such free-silver bills as those that have lately passed the Senate, for there would be nothing dishonorable in paying public and private debts with the proposed dollars; and yet I am unable to commend the project as prudent or appropriate. The objections to it are those which must attend every possible plan for making silver full legal-tender in this country, except by concert with other commercial nations.

But in admitting that the free coinage of a dollar whose real value is equal to its professed value would swindle no one, and would pay no one a bounty at the public cost, I have stated precisely the thing that will prove fatal to the whole plan. To the silver man, those two objects are vital. Were it out of his power to attain them, the restoration of silver to supremacy in our coinage, for which he now so earnestly appeals to us, would become to him a matter of indifference "Free Coinage" must do those two things, or it will not be advocated. The play would be "*Hamlet* without the title-role," and would be taken off the boards after the first night.

One more plan remains for examination. Since the "natural right" of the citizen to the good offices of his Government in assaying and weighing out pieces of metal, and stamping them with some name indicating value, is the same in the case of silver—or of copper or pewter or aluminum, it might be added—as in that of gold, the question has sometimes been suggested: Why not grant free and unlimited coinage of silver, as desired by producers of that metal, with the simple proviso that the new coins shall be legal-tender only where they have been mentioned in the contract, and shall not be used to impair the obligation of existing contracts? We could have "dollars" denoting different values, applicable to different uses, just as we have "Troy" and "Avoirdupois" pounds and ounces. Mr. Atkinson has put this question, very forcibly and concisely, in a recent *Forum*. On general principles, the suggestion may be considered a good one. Though the "natural right" is not so essential as to transcend public safety and convenience, it ought not to be overlooked. There is no reason why those who may prefer the silver standard should not be allowed the fullest opportunity to use it, if they are prevented from using it in violation of present obligations.

Unfortunately, however, the law limiting the legal-tender power of such free-coined dollars to silver contracts, however clear its language might be, would not in practice be sufficient to prevent their use in violation of obligations. Eighteen years ago this Government began to coin a "trade dollar," which was at first legal-tender in payments of five dollars or less, but was in 1876 deprived of that limited power, so that nobody was thereafter under obligation to receive it on any terms for any debt. Nevertheless, as we all remember, millions of those coins came into circulation, passing as dollars among the poor and uninstructed, though rated at ninety cents, more or less, among those who were shrewd enough to be informed as to their real status. They came from the Government, and had the name Dollar upon them; they were thus made, for thousands of our citizens, as good as any dollar. I heard again and again from intelligent people, while these coins were in circulation, bitter complaints against the "repudiation" practised by our Government in refusing to accept them for something they were never meant to be, a full legal-tender dollar. It was in response to these complaints, not to any real obligation upon the Government, that Congress a few years ago made provision for their redemption. The lesson of this experience is easy indeed to read. The coinage of the "trade dollar" was a mistake, by which the poorer people suffered. Like all other experiments upon the coinage that have ever been made, in this country and in others, it served only to show that *any measure which casts a doubt upon the standard of value is oppressive to the poor man* by affording those who have him at their mercy, additional opportunities for cheating him. Mr. Atkinson will not need to be taught this lesson, for the object of his suggestion was very plainly to point a moral rather than to recommend a measure of practical legislation. If noticed at all by the silver men, his paper will clearly bring out the fact that what they desire of a silver dollar is less the honest payment of future contracts based on silver, than the dishonest payment of present contracts based on something else; and with that view he evidently wrote it. If, in despair of their own unlimited legal-tender silver scheme, they should take up with any such project as this, it would only be for the purpose of making what they could by forcing other dollars on people at a valuation which belonged to gold dollars. Some profit could be realized by the mine-owners in that way, doubtless, at the expense of the needy and ignorant; but no mortgage-holder could be so beguiled. The scheme would have nothing in it for any who owe money on land.

Does the prospect appear discouraging, then, for any increase in the circulation of silver by legislative act? Can no measure be devised, which will accomplish this end by altogether honorable means, and be at the same time able to command votes enough to pass it? What can Congress do for silver, any way? I cannot see that the great mass of the people are interested in having Congress do anything whatever for silver. The people would be permanently better off if Congress should undo the ill-judged things it has already done. It has been effectually disproved that the amount of money—even the amount of specie—in circulation has any important influence on the well-being of the country, at ordinary times; for the Treasury reports have shown considerable changes in this amount when there was no change in the general condition. The quality of our currency, not the quantity, is what most urgently calls for wise regulation. It is quality, not quantity, which most concerns the people. Let the Government constantly, scrupulously, jealously preserve that—let it make it its first and highest duty to see that every coin or bill which it permits its citizens to call a dollar, is always and everywhere as good as the best dollar, and the volume of the circulation will adjust itself. There will be enough of credit-currency to satisfy all needs, when credit is assured the right kind of basis. What architect would thank the mason for building his foundation a foot or two higher, if it were made less steady and solid by the added material?

In regarding the amount of money in circulation as of minor importance to the people, at ordinary times, I am by no means blind to the fact that there are times when the deficiency of good money gives rise to sore distress. Such a deficiency is the very essence of the commercial crisis; next to want of confidence, want of specie is the best remembered feature of the terrible years 1837, 1857, 1873. But it cannot be too strenuously maintained that the preventive

for this monetary stringency is not increased activity of the mints; *coining money, and putting it where it is most needed, are widely different things.* Panics have not been preceded by reductions in the coinage, and they have generally been preceded by increases in it. The total amount coined at our mints in the 7 years 1830 to '36 was about equal to that in the whole 37 years between the establishment of our first mint and 1830. That in the 7 years 1850 to '56, in consequence of the California discoveries, was nearly double that in the whole 57 years preceding 1850; being 320 million dollars to 190 million. The volume of our coinage fell off greatly after suspension of specie payments; but it had been slowly increasing for some years before 1873, and was larger that year than any since 1861. Since the panic did not set in until near the end of the year 1873, there is no doubt that it came in the very face of a marked revival of activity in our mints. I grant that a strong coin reserve is a superb balance wheel in time of commercial distress, but I find in that fact no reason whatever for increased coinage by Government. When the speculative impulses of the people are preparing the way for a panic, money so distributed can never be a safeguard. The easier it comes, the easier it is spent; the cautionary coin reserve is neglected, and the specie increase is found to have disappeared when it is most needed.

The interest of the laborer, in having no money in circulation but the very best money, is one with that of the capitalist—only keener, in that the capitalist has means of protection from depreciated currency that he has not. As in other instances, those here in opposition to the laborer are not the employers of labor with whom he cooperates, but the speculators who thrive by public disorders and the sharpers who grow rich by fleecing him. No betrayal of confidence could be less pardonable, than seducing our laboring fellow-citizens into the movement for "cheap money."

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TITLE